

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA**

IN RE FARO TECHNOLOGIES) Case No. 6:05-cv-1810-Orl-22DAB
SECURITIES LITIGATION)
_____)

FINAL JUDGMENT AND ORDER OF DISMISSAL WITH PREJUDICE

This matter came before the Court for hearing pursuant to an Order of this Court dated June 2, 2008 granting preliminary approval of a settlement (“Settlement”) and providing for notice to the class that was preliminarily certified for purposes of settlement (“Class”), on the application of the Settling Parties for approval of the Settlement set forth in the Stipulation of Settlement dated as of April 9, 2008 (the “Stipulation”). Due and adequate notice of the Settlement having been given as required in the Court’s Order dated June 2, 2008, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation.
2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Members of the Class.
3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby certifies a Class for purposes of this Settlement. The Class is defined as all Persons who purchased or otherwise acquired the common stock and/or other publicly-traded securities of FARO Technologies, Inc. (“FARO”) during the period April 15, 2004 through and including March 15, 2006. Excluded from the Class are Defendants and members of each Individual Defendant’s immediate family, any entity in which a Defendant has a controlling interest, and

the legal representatives, heirs, successors, predecessors in interest or assigns, of any such excluded party. Also excluded from the Class are the Judge(s) to whom this case is assigned.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the Settlement set forth in the Stipulation, and approves the Plan of Allocation set forth in the Notice, and finds that said Settlement is, in all respects, fair, reasonable and adequate, and is in the best interest of the Lead Plaintiff, the Class and each of the Class Members. This Court further finds the Settlement set forth in the Stipulation is the result of arm's-length negotiations between experienced counsel representing the interests of the Lead Plaintiff, the Class Members and the Defendants. Accordingly, the Settlement embodied in the Stipulation is hereby approved in all respects and shall be consummated in accordance with its terms and provisions. The Settling Parties are hereby directed to perform the terms of the Stipulation.

5. The Litigation, as well as all of the Released Claims and Released Defendants' Claims, are hereby dismissed with prejudice. Except as otherwise provided in this Order and the Stipulation, the parties are to bear their own costs.

6. Upon the Effective Date hereof, and in consideration of (a) FARO's agreement to use its best efforts to cause its Insurers to pay the amount of \$6,875,000 (the "Cash Settlement Amount"), and (b) Defendants' and their Released Parties' release of Defendants' Released Claims, as set forth in the Stipulation, Lead Plaintiff and each Class Member (and their Released Parties, as defined in the Stipulation), shall be deemed to have, and by operation of the Judgment shall: (1) fully, finally, and forever release, relinquish and discharge all Released Claims against Defendants, and each of them, and each of their Released Parties, whether or not

such Class Member executes and delivers a Proof of Claim and Release; and (2) refrain from instituting, commencing, prosecuting, or cooperating with, either directly or indirectly, representatively, or in any other capacity, any and all Released Claims.

7. To the full extent provided by Section 21(D)(f)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(f)(7), and the common law of the United States Court of Appeals for the Eleventh Circuit, the Court bars, enjoins and restrains: (i) any Person from commencing, prosecuting or asserting any claims for contribution (contractual or otherwise), indemnification or equitable indemnification against any Defendant related directly or indirectly to this Litigation or the facts of this Litigation; and (ii) any Defendant from commencing, prosecuting or asserting any claims for contribution (contractual or otherwise), indemnification or equitable indemnification against any Person (other than a Person whose liability has been extinguished by the settlement of that Defendant), related directly or indirectly to this Litigation or the facts of this Litigation. Provided, however, that this bar shall not include claims by the Defendants against their insurer.

8. All Class Members are hereby forever enjoined from instituting, commencing, prosecuting, or cooperating with, either directly or indirectly, representatively, or in any other capacity, any and all Released Claims against any of the Released Parties, whether or not such Class Member executes and delivers the Proof of Claim and Release, or otherwise shares in the Settlement Fund.

9. Upon the Effective Date hereof, and in consideration of the releases to be provided by Lead Plaintiff, the Class, and all members thereof, Defendants, and each of them (and their Released Parties as defined in the Stipulation), shall be deemed to have, and by

operation of this Judgment shall have, fully, finally and forever released, relinquished and discharged Lead Plaintiff, Class Members, Plaintiffs' Co-Lead Counsel, Plaintiffs' Counsel and each of them, and each of their Released Parties, from all Released Defendants' Claims.

10. The Notice of Pendency and Proposed Settlement of Class Action given to the Class was the best notice practicable under the circumstances, including individual notice to all Members of the Class who could be identified through reasonable effort. Said Notice provided the best notice practicable under the circumstances of those proceedings and of the matters set forth therein, including the proposed Settlement set forth in the Stipulation and the Settlement hearing thereon, to all Persons entitled to such notice, and said Notice fully satisfied the requirements of Federal Rule of Civil Procedure 23 and the requirements of due process.

11. The Court hereby approves the Plan of Allocation as set forth in the Notice distributed to the Class.

12. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission, concession or evidence of, the validity or invalidity of any Released Claims, the truth or falsity of any fact alleged by Lead Plaintiff and the Class, the sufficiency or deficiency of any defense that has been or could have been asserted in the Litigation, or of any alleged wrongdoing, liability, negligence, fault of the Defendants and their Released Parties, or any of them; (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or misrepresentation or omission with respect to any statement or written document attributed to, approved or made by any of the Defendants, or any of their Released Parties, in any civil, criminal or administrative proceeding

in any court, administrative agency or other tribunal; (c) is or may be deemed to be or shall be used, offered or received against the Defendants and their Released Parties, Lead Plaintiff and the Class, or each or any of them, as an admission, concession or evidence of, the validity or invalidity of any of the Released Defendants' Claims, the infirmity or strength of any claims raised in the Litigation, the truth or falsity of any fact alleged by Defendants, or the availability or lack of availability of meritorious defenses to the claims raised in the Litigation; or (d) is or may be deemed to be or shall be construed as or received in evidence as an admission or concession against the Parties and their Released Parties, or each or any of them, that any of the Lead Plaintiff's claims are with or without merit, that damages recoverable under the Lead Plaintiff's operative complaint would have been greater or less than the Cash Settlement Amount or that the consideration to be given hereunder represents an amount equal to, less than or greater than that amount which could have or would have been recovered after trial. Any of the Settling Parties or any of their Released Parties may file the Stipulation and/or the Final Judgment in any action that may be brought against such Party or Parties in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.


13. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over (a) implementation of this Settlement; (b) disposition of the Settlement Fund, including interest earned thereon; (c) determination of applications for attorneys' fees and expenses in the Litigation; and (d) all Parties hereto for the purpose of construing, enforcing and administering the Stipulation, this Settlement and this Judgment.

14. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

15. Co-Lead Counsel are awarded fees in the amount of \$2,062,500 (30% of the Settlement Fund), plus reimbursement of expenses in the amount of \$182,781.80, plus interest to the same extent that interest has been earned on the Settlement Fund, both to be paid from the Settlement Fund pursuant to the terms of the Stipulation. Co-Lead Counsel may, at their discretion, thereafter allocate the attorneys' fees among Plaintiffs' Counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation.

16. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned to the Defendants, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated. In such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

IT IS SO ORDERED this 3rd day of October, 2008.


ANNE C. CONWAY
United States District Judge